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## When high similarity copycats lose and moderate similarity copycats gain: The impact of comparative evaluation

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Copycats imitate features of leading brands to free ride on their equity. The prevailing belief is that the more similar copycats are to the leader brand, the more positive their evaluation is, and thus the more they free ride. Three studies demonstrate when the reverse holds true: Moderate-similarity copycats are actually evaluated more positively than high-similarity copycats when evaluation takes place comparatively, such as when the leader brand is present rather than absent. The results demonstrate that blatant copycats can be less and subtle copycats can be more perilous than is commonly believed. This finding has implications for marketing theory and practice and trademark law.

*Keywords:* copycats, similarity, comparative evaluation, trademark infringement

## When High-Similarity Copycats Lose and Moderate-Similarity Copycats Gain: The Impact of Comparative Evaluation

Imagine the following scenario: You are in a supermarket, facing a shelf stacked with jars of peanut butter, and you are ready to make a choice. Your eyes catch the leading Skippy brand and the highly similar brand next to it: The jar has a similar material and size, the same light-blue lid and an identically colored blue label, and the same red lettering and a similar name. How would you evaluate this “copycat” brand?

Copycats imitate the name, logo, and/or package design of a leading national brand to take advantage of the latter’s positive associations and marketing efforts. When the copycat is too similar to the leading brand, it is liable to trademark infringement. A trademark is infringed when there is a likelihood of confusion or when the copycat takes unfair advantage of or is detrimental to the distinctive character or reputation of the trademark (Trademarks Directive, Article 5). Copycatting practices are widespread. For example, a

survey of national U.S. supermarkets found that half the store brands imitated a leader brand package at least in color, size, and shape (Scott-Morton and Zettelmeyer 2004), and trade loss due to trademark infringement was estimated to be \$512 billion, just in 2004 (Zaichkowsky 2006).

Marketing research and the legislative literature on trademark infringement have emphasized the threats that high-similarity copycats pose to leader brands (Morrin and Jacoby 2000; Zaichkowsky 2006). These threats are based on the idea that the greater the similarity is between copycat and leader, the higher is the likelihood of brand confusion, and the more positive is consumers’ evaluation of the copycat (Loken, Ross, and Hinkle 1986; Warlop and Alba 2004). Thus, copycatting research has focused on demonstrating potential brand confusion caused by high-similarity copycats (Foxman, Muehling, and Berger 1990; Howard, Kerin, and Gengler 2000; Kapferer 1995; Miaoulis and d’Amato 1978; Simonson 1994), and these are typically the cases brought to court (Collins-Dodd and Zaichkowsky 1999; Mitchell and Kearney 2002).

Gaining more insight into the determinants and effects of brand confusion is important because researchers are only just beginning to understand this phenomenon. Yet brand imitation strategies are often subtler than the blatant, high-similarity cases that may lead to brand confusion and get most attention (Planet Retail 2007, p. 52). Often, copycatting brands have their own name, logo, and/or packaging

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style but are still similar to the leader brand. Consumers generally do not confuse such subtle, moderately similar copies with the original ("This is not the leader brand X") and are aware of their true source ("It is a store brand," or "The brand is from manufacturer Y"; Wilke and Zaichkowsky 1999).

The current research aims to demonstrate that even such subtle copycats can free ride on the equity invested in the leader brand. We also demonstrate that subtle copycats may often be more effective than blatant copycats in their attempt to leverage the positive associations surrounding the leader brand. We test the idea that subtle copycats can take (unfair) advantage of the leader brand, without brand confusion taking place. In addition, we posit that blatant, high-similarity copycats may actually be liked less than subtle, moderately similar copycats, exactly because of the former's unashamed imitation strategy. Specifically, we hypothesize that when the shopping situation enables consumers to explicitly compare copycat brands with leader brands, blatant copycats will lose and subtle copycats will gain. Support for this idea would imply that copycat evaluation critically depends on the degree of similarity between copycat and leader brand (moderate vs. high) and on the evaluation mode of consumers (comparative vs. noncomparative). This would mean that high-similarity copycats could be less perilous to leader brands than commonly believed. High-similarity copycats are evaluated less positively when direct comparisons with leader brands are made, and the situations to do so are abundant in daily shopping situations. Moreover, high-similarity copycats are clear litigation candidates. It would also mean that moderate-similarity copycats could be more menacing than generally believed. They cue consumers to positive and familiar attributes of the leader brand through similar, but not confusing, package design, thus flying more easily under the radar of trademark law.

Three controlled studies that systematically varied the degree of similarity between copycat and leader brand and the evaluation mode of consumers test our predictions. The studies employed student and nonstudent samples, brand name and brand package similarities, and a range of product categories to ensure generalizability of the findings. The next sections describe the conceptual framework on which our predictions rest.

### COPYCAT EVALUATION

Copycat brands try to free ride on the positive associations that consumers have with a leader brand by having a similar trade dress. Through their similarity in trade dress, copycats try to access information that consumers have stored in memory about another brand and to transfer it to them. Research in social cognition has shown more generally that the effect of such accessible information on the evaluation of target (here, the copycat) can be assimilative or contrastive.

Assimilation occurs when accessible information guides the *interpretation* of target stimuli, causing a shift toward the activated information (Stapel 2007). Thus, when the positive leader brand information is interpreted and included into the representation of the copycat, the look-alike peanut butter brand from our opening example will be evaluated more positively and closer to the leading Skippy

brand. Contrast occurs when information is used as a *comparison standard* in evaluation, causing a shift away from the accessible information (Herr 1989; Stapel, Koomen, and Velthuisen 1998). Thus, when the positively evaluated Skippy brand is used as a comparison standard, the look-alike peanut butter will be contrasted from the Skippy brand and will be evaluated negatively. Then, the copycat pales in comparison with the leader brand (Carpenter and Nakamoto 1989).

What determines whether assimilation or contrast occurs? That is, what determines whether references to a leader brand help copycats and lead to more positive evaluations or hurt them and lead to more negative evaluations? We propose that both similarity and the way consumers make their evaluation play a pivotal role. Evaluations may take place in a noncomparative or a comparative way (Oakley et al. 2008; Olsen 2002). Noncomparative evaluations are evaluations made in the absence of an explicit comparison. In that case, references to other brands or products are lacking, and evaluation occurs in isolation ("How do you like product X?"). In contrast, comparative evaluations are made in the presence of a comparison standard: The product is evaluated against a comparable other product, and evaluation is guided by direct comparisons ("How do you like product X compared with product Y?"). In turn, these different evaluation modes influence attitudes, purchase intentions, and behavior (Hsee 1996; Hsee and Zhang 2010; Nowlis and Simonson 1997).

We posit that the effect of higher and lower degrees of similarity on copycat evaluation is contingent on consumers' evaluation mode. When copycat evaluation takes place noncomparatively and no explicit references are made to the imitated leader brand, evaluation is likely to be guided by the activation of positive feelings, associations, and attitudes surrounding the leader brand. As a consequence, higher degrees of similarity should be evaluated more positively because a higher resemblance of the copycat brand with the leader brand will activate more positive associations. These associations will readily "spill over" (Murphy and Zajonc 1993) and be "included" (Schwarz and Bless 1992) into the representation of the copycat. Therefore, noncomparative evaluation is likely to be more beneficial to high-similarity copycats than to moderate- and low-similarity copycats.

High-similarity copycats may, however, be evaluated quite differently when comparative evaluation takes place. When the copycat is explicitly evaluated against the imitated leader brand and similarity is high, consumers are especially likely to become more aware of the high resemblance with the leader brand and will sense that their judgments might be biased by positive feelings derived from the leader brand. In that case, they are likely to adjust their response to the effect of this influence by consulting their naive theories of persuasion. Such theories include beliefs about marketers' influence strategies and tactics (Boush, Friestad, and Wright 2009), including how they entice consumers to buy a product through similarity.

Persuasion knowledge is particularly likely to be used when the situation makes a marketer's potential ulterior motives accessible (Campbell and Kirmani 2000), which we believe is the case when the situation facilitates comparative evaluation. Thus, when similarity is high and evalua-

tion is comparative, the awareness of possible insincere persuasion tactics negates or prevents positive associations because of image transfer from the leader brand. Consumers realize that the copycat is trying to leverage the reputation of the leader brand through imitation, which results in contrast. On the basis of this reasoning, we propose that comparative evaluations are likely to hurt rather than help high-similarity copycats.

Conversely, we predict that the evaluation of moderate-similarity copycats is unaffected by comparative evaluation. Even when moderate-similarity copycats are directly compared with the leader brand, little awareness of ulterior motives will exist because of their moderate degree of similarity (Warlop and Alba 2004). However, because moderately similar copycats do show resemblance, they should still profit from the positive associations with the leader brand. This suggests that when evaluation is comparative, moderate-similarity copycats still benefit from being similar but high-similarity copycats do not.

Our prediction that moderate similarity is evaluated more positively than high and low similarity is comparable to Meyers-Levy and Tybout's (1989) findings in the domain of new product evaluation. Their results indicate that new products that are moderately congruent with the existing product schema are more positively evaluated than either completely congruent or extremely incongruent products. Yet the process that we believe accounts for copycat evaluation also leads to different predictions. That is, under comparative evaluation, moderate copycats should be evaluated more positively than both high- and low-similarity copycats. Then, leader brands act as comparison standards, and high-similarity copycats are contrasted away from them. However, under noncomparative evaluation, high-similarity copycats should be evaluated most positively because their evaluation is assimilated toward the leader brand. The question then becomes when consumers adopt a comparative evaluation mode.

#### COMPARATIVE EVALUATION MODE

A comparative evaluation mode may be activated by various shopping situation characteristics. For example, it might be induced when descriptions of products in advertisements or in-store displays are alignable and described on the same dimension (e.g., the preparation times for popcorn A and B), rather than when they are nonalignable and described on different dimensions (e.g., preparation time for popcorn A and sweetness for popcorn B; Markman and Loewenstein 2010). The categorization of product assortments might also determine the evaluation mode. Comparisons may be encouraged when consumers are exposed to narrow rather than broad categories (Ülkümen, Chakravarti, and Morwitz 2010) or to organized rather than disorganized categories (Kahn and Wansink 2004; Mogilner, Rudnick, and Iyengar 2008) or when the layout of the store is mostly feature based rather than benefit based (Poynor and Diehl 2010).

Here, we investigate a determinant of the evaluation mode that is under direct managerial control: product display at the point of purchase. Prior research has shown that product display influences consumers' preferences and purchase likelihoods (Buchanan, Simmons, and Bickart 1999; Simonson 1999; Simonson, Nowlis, and Lemon 1993). Whether products are displayed side-by-side or farther apart

at the point of purchase is particularly likely to influence the evaluation mode. Two products that are presented side-by-side are more readily and more spontaneously compared with each other than when they are presented in isolation (Hsee 1996; Muthukrishnan and Ramaswami 1999). Thus, when the copycat and leader brand are placed next to each other on the store shelf and are in the same visual field during copycat evaluation, comparative evaluation is more likely to occur. When the copycat and leader brand are placed on different shelves, in different parts of the store, or even in different stores, direct references to the leader brand are absent, and noncomparative evaluation is more likely to take place.

#### THE CURRENT RESEARCH

Three studies test the idea that the appraisal of copycats critically depends on brand similarity *and* on consumers' evaluation mode. Study 1 establishes the critical role of evaluation mode in copycat evaluation. It tests whether high-similarity copycats are indeed evaluated more positively than low-similarity copycats, when evaluation is noncomparative but not when it is comparative. We test this prediction by manipulating the specific characteristics of the shopping environment (absence vs. presence of the leader brand, Study 1a) and by more directly inducing a noncomparative versus comparative evaluation mode (Study 1b).

Studies 2 and 3 examine more closely whether moderate-similarity copycats actually gain when evaluation is comparative. Specifically, using a student sample (Study 2) and a representative consumer sample (Study 3), we test whether high-similarity copycats are liked more than low- and moderate-similarity copycats when the leader brand is absent during evaluation but whether moderate-similarity copycats are liked more than low- and high-similarity copycats when the leader brand is present during evaluation. In all studies, leader brands and copycat brands differ only in the similarity of their trade dress, that is, brand name (Studies 1a, 1b, and 3) and package design (Study 2).

#### STUDY 1

Study 1 investigates high versus low degrees of similarity between a copycat brand and the leader brand. It tests whether high degrees of similarity are evaluated more positively when evaluation is noncomparative but less positively when evaluation is comparative. Study 1a tests whether the physical arrangement of brands (absence or presence of the leader brand) influences copycat evaluation. Study 1b induces comparative and noncomparative evaluation modes directly in consumers, instead of manipulating these modes indirectly through the characteristics of the shopping situation. Both studies use brand names because cases of trademark infringement often deal with these (see, e.g., [www.darts-ip.com](http://www.darts-ip.com)).

##### Study 1a

*Method.* Fifty paid students (30 men and 20 women;  $M_{\text{age}} = 20.30$ ,  $SD = 2.22$ ) participated in a 2 (similarity: low, high)  $\times$  2 (brand presence: absent, present) mixed design, with similarity as a within-subject factor and brand presence as a between-subjects factor. The target product category was "olive oil," with Bertolli as the leader brand. This brand



has the highest market share, a strong reputation, and a distinctive name. Each participant evaluated six brand names that were either low or high in similarity to the leader brand.

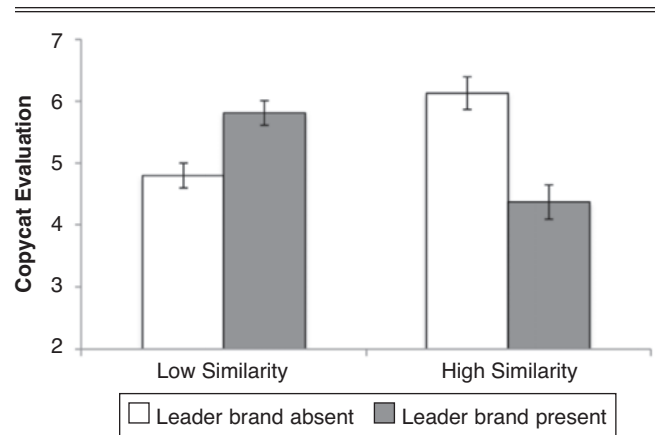
We used the following procedure to select the copycat brand names: First, we created a pool of 30 brand names that systematically differed in similarity to the Bertolli brand name. Because brand name similarity in court cases is typically assessed by comparing the number of identical letters and their placement in the name (e.g., Bastolli is more similar to Bertolli than Lucini), we used that as a basis for name creation. From a pretest ( $N = 45$ ), 6 of the 30 brand names (3 names per similarity condition) were selected that did not differ in attractiveness (seven-point scales,  $F < 1$ ). A second pretest ( $N = 40$ ) established that the degree of similarity was successfully manipulated: Low-similarity brand names were rated as less similar to the leader brand Bertolli (seven-point scales) than the high-similarity brand names ( $t(39) = -12.21, p < .001$ ). Low-similarity brand names were, respectively, “Lucini,” “Santini,” and “Malzani.” High-similarity brand names were, respectively, “Vintolli,” “Bastolli,” and “Bertino.”

In the main study, participants were told that a new olive oil, which did not have a name yet, would enter the market soon. They were asked to imagine being in a grocery store and considering buying olive oil with the indicated brand name. Next, the six brand names appeared on the computer screen in random order. In the “leader absent” condition, only the new brand name appeared on the screen. In the “leader present” condition, the new brand name and the leader brand name (Bertolli) appeared. Participants evaluated each name on a nine-point scale (1 = “negative,” and 9 = “positive”). Afterward, they indicated their familiarity with the leader brand (1 = “not familiar at all,” and 7 = “highly familiar”), brand importance (1 = “not important at all,” and 7 = “very important”), and their evaluation of the leader brand (1 = “negative,” and 9 = “positive”).

**Results.** A 2 (similarity)  $\times$  2 (brand presence) repeated measures analysis of variance (ANOVA) gave no significant main effect of brand similarity ( $F(1, 48) = .04, p = .84, \eta_p^2 = .001$ ) or brand presence ( $F(1, 48) = 2.85, p = .10, \eta_p^2 = .06$ ) but revealed the predicted interaction between similarity and brand presence ( $F(1, 48) = 29.85, p < .001, \eta_p^2 = .38$ ; see Figure 1). Planned contrasts showed that participants indeed evaluated the high-similarity brand names more positively ( $M = 6.13, SD = 1.31$ ) than the low-similarity brand names ( $M = 4.80, SD = 1.00$ ) when the leader brand was absent ( $F(1, 48) = 13.80, p < .001, \eta_p^2 = .22$ ). However, when the leader brand was present, participants evaluated the high-similarity brand names *less* positively ( $M = 4.37, SD = 1.40$ ) than the low-similarity brand names ( $M = 5.81, SD = 1.00; F(1, 48) = 16.10, p < .001, \eta_p^2 = .25$ ). Within similarity conditions, planned contrasts also revealed that participants evaluated the high-similarity brand names more negatively when the leader brand was present than when it was absent ( $F(1, 48) = 21.10, p < .001, \eta_p^2 = .31$ ), while the opposite was true for low-similarity brand names ( $F(1, 48) = 12.83, p = .001, \eta_p^2 = .21$ ). None of the control variables affected copycat evaluation (all  $F$ s  $< 1$ ).

These results provide evidence that evaluation mode (comparative vs. noncomparative) critically determines the effect of brand similarity on copycat evaluation. Copycats benefit from high resemblance when the brand they imitate

Figure 1  
STUDY 1A: BRAND SIMILARITY AND LEADER BRAND  
PRESENCE INFLUENCE COPYCAT EVALUATION



Notes: Scale ranges from 1 (“low”) to 9 (“high”). Error bars indicate  $\pm$  standard error of the mean.

is absent but not when it is present. Study 1b tests whether it is indeed evaluation mode that moderates, as we predict, the effect of similarity on copycat evaluation, by inducing a noncomparative versus comparative evaluation mode directly.

#### Study 1b

**Method.** Forty-eight paid students (28 men and 20 women;  $M_{age} = 21.12, SD = 2.56$ ) were randomly allocated to a condition of a 2 (similarity: low, high)  $\times$  2 (evaluation mode: noncomparative, comparative) mixed design, with similarity as a within-subject factor and evaluation mode as a between-subjects factor. Brand names were the same as in Study 1a.

Participants were asked to imagine themselves being in a grocery store in front of the shelf and considering buying a particular product. In line with Oakley et al.’s (2008) and Olsen’s (2002) description of evaluation mode, participants in the “comparative mode” condition were asked to imagine making a decision based on a comparison of the brand with another brand that would immediately come to their mind. To come to a decision, they were asked to consider how much they liked the new brand *as compared with* this other brand. In the “noncomparative mode” condition, participants were asked to imagine making a decision based on their general impression about the brand. To come to a decision, they were asked to consider how much they liked the brand on the basis of this impression.

After participants visualized the specific decision-making process, they followed the same procedure as in Study 1a. After evaluating the brand names, they indicated their willingness to buy an olive oil with this new brand name (1 = “definitely not,” and 9 = “definitely yes”). The control variables were the same as in Study 1a. Finally, as a manipulation check, participants indicated whether they were asked to imagine making decisions based on their general impression of the new brand or by comparing it with another brand (all were correct). Participants also indicated how easily they could bring the specific decision strategy to mind (1 = “not at all,” and 9 = “very well”). Four partici-

pants who could not imagine the specific decision strategy were dropped, which left 44 participants for the analyses. Because the measures of evaluation and willingness were highly correlated ( $r_s > .83$ ), we collapsed them into a single evaluation measure.

**Results.** A 2 (similarity)  $\times$  2 (mode) repeated measures ANOVA revealed a significant effect of evaluation mode ( $F(1, 42) = 5.68, p = .02, \eta_p^2 = .12$ ), an effect of similarity ( $F(1, 42) = 19.28, p < .001, \eta_p^2 = .32$ ), and, more important, the expected interaction between similarity and evaluation mode ( $F(1, 42) = 4.15, p = .05, \eta_p^2 = .09$ ; see Figure 2). Planned contrasts showed that, consistent with the results of Study 1a, participants evaluated the high-similarity brand names more positively ( $M = 6.14, SD = 1.14$ ) than the low-similarity brand names ( $M = 4.76, SD = .94$ ) when a non-comparative evaluation mode was activated ( $F(1, 42) = 20.67, p < .001, \eta_p^2 = .33$ ). In addition, participants evaluated the high-similarity brand names as positively ( $M = 5.05, SD = 1.30$ ) as the low-similarity brand names ( $M = 4.55, SD = 1.20$ ;  $F(1, 42) = 2.77, p = .11, \eta_p^2 = .05$ ) when a comparative evaluation mode was activated. Within similarity conditions, as we predicted, participants evaluated the high-similarity brand names more negatively when a comparative evaluation mode was induced than when a non-comparative mode was induced ( $F(1, 42) = 8.71, p = .01, \eta_p^2 = .17$ ), while there was no difference in evaluation for the low-similarity brand names ( $F(1, 42) = .43, p = .52, \eta_p^2 = .01$ ). Again, the control variables did not change the results when entered as covariates (all  $F_s < 1$ ).

Together, Studies 1a and 1b show that the effect of similarity on copycat evaluation is context dependent. Thus, it is not the case that high-similarity copycats are uniformly liked more than low-similarity copycats. Rather, high-similarity copycats are liked more when evaluation is noncomparative and the decision-making process is guided by the overall impression of the copycat, which occurs, for example, when the leader brand is absent. Then, positive associations with the leader brand are transferred to the copycat, resulting in more positive evaluations of high-similarity copycats. However, when evaluation is comparative—for example, when

the leader brand is present or when consumers come to the decision in a comparative evaluation mode—the leader brand acts as a comparative standard, and high-similarity copycats are liked less.

## STUDY 2

One implication of our theorizing is that high-similarity copycats are affected more by the evaluation mode than moderate- and low-similarity copycats. Whereas high-similarity copycats gain under noncomparative evaluation mode because of assimilation, they lose under a comparative evaluation mode because of contrast. Because moderate-similarity copycats are much less affected by the evaluation mode but still gain from being similar, they are evaluated more positively than high-similarity copycats under a comparative evaluation mode. Low-similarity copycats score the lowest. Study 2 tests this prediction, using package designs to generalize the findings to important features of the trade dress of brands beyond the name.

### Method

Sixty-five paid students (41 men and 24 women;  $M_{\text{age}} = 20.1, SD = 2.44$ ) were randomly assigned to a condition of a 3 (similarity: low, moderate, high)  $\times$  2 (brand presence: absent, present) mixed design, with similarity as a within-subject factor and brand presence as a between-subjects factor. We counterbalanced presentation order to rule out order effects.

A professional design company created images of three packages of fictitious brands in the product category “Spreadable butter with olive oil.” Packages varied in degree of similarity to the package of Bertolli, the leading brand within the product category (see Figure 3). A pretest ( $N = 45$ ) established that the three packages did not differ in overall attractiveness (as in Study 1,  $F < 1$ ). They did differ in degree of similarity to the leader brand, as measured on a 0–100 scale, with higher numbers reflecting greater similarity. A repeated measures ANOVA revealed that participants perceived the high-similarity copycat as more similar to the leader brand (80.89) than the moderate-similarity (58.30) and low-similarity (32.07) copycats ( $F(2, 88) = 163.28, p < .001$ , all contrasts  $p_s < .05$ ).

Participants were instructed to evaluate new products in the category spreadable butter with olive oil. Manipulation of the “leader brand absent” and “leader brand present” conditions was the same as in Study 1a. Participants saw the packages of the three copycats for ten seconds. Then, they evaluated the three copycats on four semantic differentials with seven-point response scales (“bad/good,” “unattractive/attractive,” “uninteresting/interesting,” and “negative/positive”; aggregated scale  $\alpha = .90$ ). Control variables were the same as previously.

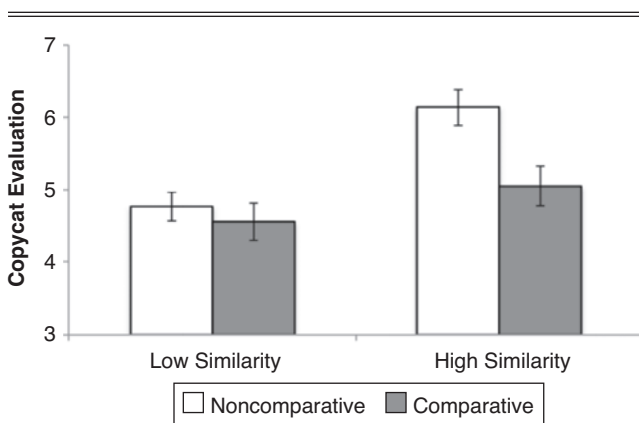
### Results

A 3 (similarity)  $\times$  2 (brand presence) repeated measures ANOVA revealed no effect of similarity ( $F(2, 126) = 1.27, p = .28, \eta_p^2 = .02$ ) but an effect of brand presence ( $F(1, 63) = 24.50, p < .001, \eta_p^2 = .28$ ). This effect was qualified by the predicted interaction between brand similarity and brand presence ( $F(2, 126) = 4.18, p = .02, \eta_p^2 = .06$ ; see Figure 4).

For the leader brand absent condition, planned contrasts showed that participants evaluated the high-similarity copycat

Figure 2

STUDY 1B: BRAND SIMILARITY AND EVALUATION MODE  
INFLUENCE COPYCAT EVALUATION

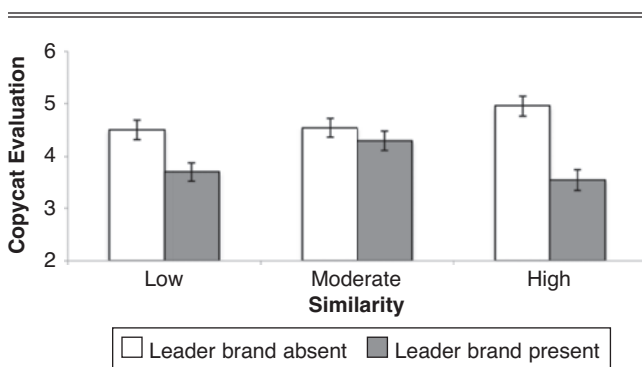


Notes: Scale ranges from 1 (“low”) to 9 (“high”). Error bars indicate  $\pm 1$  standard error of the mean.

Figure 3  
STUDY 2: BRAND STIMULI



Figure 4  
STUDY 2: BRAND SIMILARITY AND LEADER BRAND  
PRESENCE INFLUENCE COPYCAT EVALUATION



Notes: Scale ranges from 1 ("low") to 7 ("high"). Error bars indicate  $\pm 1$  standard error of the mean.

marginally more positively ( $M = 4.96$ ,  $SD = 1.08$ ) than the moderate-similarity copycat ( $M = 4.55$ ,  $SD = 1.06$ ;  $F(1, 63) = 3.03$ ,  $p = .09$ ,  $\eta_p^2 = .05$ ) and, in turn, evaluated the moderate-similarity copycat as positively as the low-similarity copycat ( $M = 4.50$ ,  $SD = 1.09$ ;  $F(1, 63) = .25$ ,  $p = .87$ ,  $\eta_p^2 = .00$ ). The results were quite different in the leader brand present condition. There, participants evaluated the moderate-similarity copycat more positively ( $M = 4.30$ ,  $SD = 1.06$ ) than, respectively, the low-similarity copycat ( $M = 3.69$ ,  $SD = 1.40$ ;  $F(1, 63) = 4.36$ ,  $p = .04$ ,  $\eta_p^2 = .07$ ) and the high-similarity copycat ( $M = 3.53$ ,  $SD = 1.28$ ;  $F(1, 63) = 9.55$ ,  $p = .001$ ,  $\eta_p^2 = .13$ ). An additional planned contrast showed that in the leader brand absent condition, participants indeed evaluated the high-similarity brand more positively ( $F(1, 33) = 3.96$ ,  $p = .05$ ,  $\eta_p^2 = .11$ ) than the low- and moderate-similarity brands taken together. A planned comparison showed that in the leader brand present condition, participants evaluated the moderate brand more positively ( $F(1, 30) = 10.45$ ,  $p = .003$ ,  $\eta_p^2 = .26$ ) than the low- and high-similarity brands taken together.

Within conditions, as we expected, planned contrasts showed that participants evaluated the high-similarity copycat more negatively in the leader brand present condition than in the leader brand absent condition ( $F(1, 63) = 23.81$ ,  $p < .001$ ,  $\eta_p^2 = .27$ ), whereas the moderate-similarity copycat was unaffected by brand presence: Participants evaluated it as positively in the leader brand present condition as in the leader brand absent condition ( $F(1, 63) = .93$ ,  $p = .34$ ,  $\eta_p^2 = .02$ ). None of the control variables had an effect on evaluation (all  $F$ s  $< 1$ ).

Taken together, Studies 1 and 2 show that when the leader brand is absent, copycats with higher degrees of similarity are evaluated more positively. However, when the leader brand is present, moderate-similarity copycats are evaluated more positively than both high- and low-similarity copycats. When comparative evaluation is activated, for example, through leader brand presence, the evaluation of high-similarity copycats suffers, whereas the evaluation of moderate-similarity copycats is unaffected. Compared with low-similarity copycats, moderate-similarity copycats benefit from assimilation to the leader brands' positive associations and, at the same time, do not suffer from the contrast effect caused by very high degrees of similarity.

### STUDY 3

We conducted Study 3 to establish that the findings obtained thus far are not limited to student samples and a single product category and leader brand. It aims to generalize the results to regular (nonstudent) consumers, other product categories, and other brands.

#### Method

A nationally representative sample of 542 members of a household Internet panel participated. Panel members receive questionnaires electronically, complete them at home on their personal computers, and then return them. Participants (281 men and 261 women;  $M_{age} = 43.22$ ,  $SD = 10.44$ ) were randomly assigned to a condition of a 3 (similarity: low, moderate, high)  $\times$  2 (presence of leader brand: absent, present)  $\times$  2 (product category: chocolate spread, French cream cheese) mixed design, with similarity as a within-subject factor and product category and brand pres-



ence as between-subjects factors. We counterbalanced order of brand names to rule out order effects.

The stimuli were nine brand names in the product category “chocolate spread” and “French cream cheese,” differing in degree of similarity with the leader brand names, respectively, Nutella and Paturain. We used the same procedure as in Study 1 to create brand names with low, moderate, and high degrees of similarity. Respective examples of the brand names were “Valina” (low similarity), “Notina” (moderate similarity), and “Latella” (high similarity) for the leader brand Nutella, and “Racorin” (low similarity), “Romatain” (moderate similarity), and “Pitorain” (high similarity) for the leader brand Paturain. Separate pretests revealed that the nine selected brand names within each product category (three brand names per similarity condition) did not differ in attractiveness (as in Studies 1 and 2, all  $F_s < 1$ ) but did differ in degree of similarity to the leader brand (chocolate spread:  $F(2, 106) = 408.24, p < .001$ ; French cream cheese:  $F(2, 90) = 196.00, p < .001$ ).

Instructions, manipulations, and measures were the same as in Study 1a. After participants read the scenario, they evaluated nine brand names and indicated their willingness to buy a product with this brand name for either a new chocolate spread or a new French cream cheese, while only the new brand name or the new brand name and the leader brand name appeared on the screen. Finally, we collected sociodemographic information, such as participants’ age, income, education level, and household size.

## Results

**Copycat evaluation.** A 3 (similarity)  $\times$  2 (presence)  $\times$  2 (product) repeated measures ANOVA revealed a main effect of similarity ( $F(2, 1076) = 162.64, p < .001, \eta_p^2 = .23$ ), presence of the leader brand ( $F(1, 538) = 7.38, p = .007, \eta_p^2 = .01$ ), and product category ( $F(1, 538) = 6.14, p = .01, \eta_p^2 = .01$ ). More important, the interaction between the presence of the leader brand and brand similarity was significant ( $F(2, 1076) = 19.38, p < .001, \eta_p^2 = .04$ ; see Figure 5). None of the other interactions were significant (all  $F_s < 1$ ). Because there were no significant interactions between

product category and any of the other variables, we further analyzed the results across the collapsed product categories.

Planned contrasts showed that when the leader brand was absent, participants evaluated the high-similarity copycat more positively ( $M = 4.73, SD = 1.63$ ) than the moderate-similarity copycat ( $M = 4.39, SD = 1.54; F(1, 540) = 15.07, p < .001, \eta_p^2 = .03$ ) and, in turn, evaluated the moderate-similarity copycat more positively than the low-similarity copycat ( $M = 3.31, SD = 1.30; F(1, 540) = 138.45, p < .001, \eta_p^2 = .20$ ). When the leader brand was present, the results showed, consistent with our prediction, that participants evaluated the moderate-similarity copycat significantly more positively ( $M = 4.34, SD = 1.43$ ) than, respectively, the high-similarity copycat ( $M = 3.99, SD = 1.63; F(1, 540) = 14.31, p < .001, \eta_p^2 = .03$ ) and the low-similarity copycat ( $M = 3.34, SD = 1.33; F(1, 540) = 104.32, p < .001, \eta_p^2 = .16$ ). Additional planned contrasts showed that in the leader brand absent condition, participants indeed evaluated the high-similarity brand more positively ( $F(1, 288) = 137.41, p < .001, \eta_p^2 = .32$ ) than the low- and moderate-similarity brands taken together. In the leader brand present condition, participants evaluated the moderate brand more positively ( $F(1, 252) = 68.24, p < .001, \eta_p^2 = .21$ ) than the low- and high-similarity brands taken together.

Within conditions, planned contrasts showed that, as we expected, participants evaluated the high-similarity copycat more negatively in the leader brand present condition than in the leader brand absent condition ( $F(1, 540) = 28.20, p < .001, \eta_p^2 = .05$ ), whereas they evaluated the moderate copycat equally positively in the leader brand present and leader brand absent conditions ( $F(1, 540) = .17, p = .68, \eta_p^2 = .00$ ).

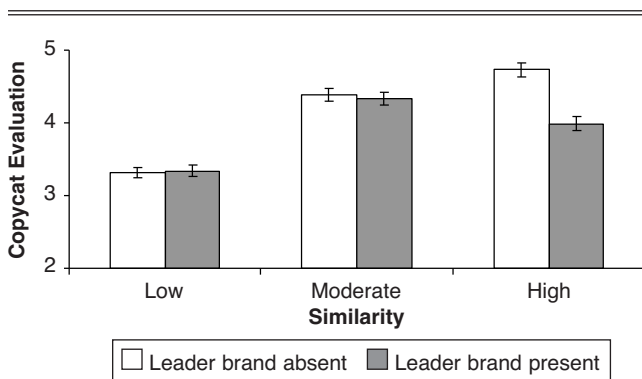
**Willingness to buy.** A 2 (product)  $\times$  2 (presence)  $\times$  3 (similarity) repeated measures ANOVA revealed a similar pattern of results for the willingness-to-buy measure as for the evaluation measure. As we hypothesized, there was an interaction between the presence of the leader brand and brand similarity ( $F(2, 1076) = 18.38, p < .001, \eta_p^2 = .03$ ; for the leader brand absent condition:  $M_{Low} = 3.21, SD = 1.27$ ;  $M_{Mod} = 4.28, SD = 1.49$ ;  $M_{High} = 4.59, SD = 1.67$ ; for the leader brand present condition:  $M_{Low} = 3.30, SD = 1.39$ ;  $M_{Mod} = 4.20, SD = 1.52$ ;  $M_{High} = 3.94, SD = 1.63$ ; all planned contrast at  $p_s < .001$ ).

**Control variables.** For both product categories, the level of education, work/daily activity, family status, household size, and income did not affect evaluations; however, the age of the participants did. When we included age as a covariate, the critical similarity  $\times$  brand presence interaction ( $F(2, 1070) = 3.16, p = .05, \eta_p^2 = .006$ ) remained significant, but a significant interaction emerged between similarity and age ( $F(2, 1070) = 3.59, p = .03, \eta_p^2 = .007$ ). Simple slope analysis revealed that older participants rated the moderate-similarity copycat more negatively than younger participants ( $\beta = -.018, p = .01$ ), whereas the evaluation of the low-similarity ( $\beta = -.004, p = .51$ ) and high-similarity ( $\beta = .00, p = .98$ ) copycats was unaffected by age. The crucial interaction between similarity and leader brand presence, however, remained intact even with this age effect, which is desirable.

These findings provide additional support for the idea that highly similar copycats may be less hazardous than moderately similar copycats when sold in the context of the original brand. However, if the highly similar brands are

Figure 5

STUDY 3: BRAND SIMILARITY AND LEADER BRAND PRESENCE INFLUENCE COPYCAT EVALUATION (COMBINED DATA)



Notes: Scale ranges from 1 (“low”) to 9 (“high”). Error bars indicate  $\pm 1$  standard error of the mean.



offered in stores that do not carry the leading brand, they are evaluated more positively.

### GENERAL DISCUSSION

Copcats take unfair advantage of the reputation of leader brands. As one brand owner formulated, “We invest a lot and take a lot of risk creating brands and images people want. Those who coat tail on this unfairly are ripping us off” (Intangible Business n.d.). The marketing literature has typically emphasized the threats of high-similarity copcats, based on the extent to which copcats are more similar to the leader brand. The current research shows that the appraisal of copcats, in addition to the degree of brand similarity, is critically dependent on consumers’ evaluation mode. The liking of copcats increased uniformly with higher degrees of similarity, but only when evaluation was noncomparative. In contrast, when evaluation was comparative and the copcat was explicitly compared with the leader brand, high-similarity copcats were evaluated less positively than moderate-similarity copcats. A comparative or noncomparative evaluation mode can be activated directly in consumers or can be brought about by small changes in the physical arrangement of products (i.e., by the absence or presence of the leader brand). Three studies using samples of students and typical consumers, textual (brand names) and visual (package designs) brand trademarks, and various product categories and leader brands established the robustness of the findings. Together, the findings provide evidence that high-similarity copcats may be ripping off the leader brands less and that moderate-similarity copcats may be more ominous than commonly believed.

This research provides evidence that subtler, moderate-similarity copcats can be more threatening than blatant, high-similarity ones. This is important because the free riding of subtle copcats remained undetected by consumers, even under comparative evaluation. Moderate-similarity copcats may also fly under the radar of trademark legislation because they have similar but not confusing package designs, and it is brand confusion on which trademark legislation focuses. A small survey that we conducted among 28 trademark lawyers at a national conference on trademark law in the Netherlands supports this idea. We asked the lawyers to indicate which copcats from Study 2 they would bring a lawsuit against, and they could select one, two, or all three copcats. All lawyers chose the high-similarity copcat, but only 8 of the 28 lawyers would also bring a lawsuit against the moderate-similarity copcat. This illustrates that despite a recent court ruling declaring that free riding on a brand’s reputation is unacceptable even without a likelihood of confusion (*L’Oreal S.A. v. Bellure N.V.* 2009), subtle copcats can profit from imitation without being prosecuted.

Previous research has demonstrated that the more similar copcats are to the leader brand, the more positively they are evaluated (Loken, Ross, and Hinkle 1986; Warlop and Alba 2004). The current findings show, however, the crucial role of evaluation mode: When evaluation is comparative, high-similarity copcats are evaluated more negatively, rather than more positively, than moderate-similarity copcats. Evaluation mode was manipulated either directly or indirectly by leader brand presence or absence. Other characteristics of the shopping environment under managerial

control may also influence the likelihood that consumers engage in comparison shopping—for example, when assortments are organized rather than disorganized (Kahn and Wansink 2004) or when assortment organization is more attribute based than benefit based (Poyner and Diehl 2010). In addition, leader brands that are salient in memory because they are pioneers in the product category or have a high market share (Carpenter and Nakamoto 1989; Robinson and Fornell 1985) may automatically be brought to mind and be used as a comparison standard, resulting in contrast when the copcat is highly similar.

This study indicates how copcats can gain or lose from their resemblance to the leader brand, but it remains silent on how copcat similarity affects the reputation and sales of the leader brand. Trademark dilution and slipping sales of leader brands due to copycatting practices have been documented (Morris and Jacoby 2000; Morris, Lee, and Allenby 2006; Steenkamp, Van Heerde, and Geyskens 2010), but we are not aware of research on potential gains in brand equity and sales for leader brands when copcats are contrasted away from them. Our findings hint at the possibility that the evaluation of leader brands might unexpectedly gain from copycatting practices in particular when copcat imitation is blatant and occurs in the presence of the leader brand. Then, blatant copycatting may highlight the qualities of the leader brand. Follow-up research should test these speculations.

We used established procedures to systematically vary the degrees of (verbal) brand name copycatting but needed to resort to pretesting to determine the degrees of (visual) package design copycatting, which is a limitation. To advance marketing science and trademark law, it is paramount to develop strong theories and methodologies to establish degrees of similarity between package designs and between other visual marketing stimuli. Such theories and methodologies would be crucial tools for managers and lawyers who need to determine the degrees of visual similarity between the leader brand and copcats unequivocally and perhaps even a priori. Thus, we call on researchers to develop these theories and methodologies. Doing so would extend our finding that subtle copcats can “coattail” more than blatant copcats on the leader brand’s equity and would determine more generally which degree of similarity has the most effect.

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